

SECTION 11. CALIFORNIA REDEVELOPMENT LAW

This section describes the general powers of any California redevelopment agency, describes the City of Fresno Redevelopment Agency (the "Agency"), describes the redevelopment plan adoption process, and some basic redevelopment activities, such as selecting developers, assisting private and public redevelopment projects, acquiring and disposing property, financing redevelopment, and meeting low and moderate-income housing responsibilities.

A. GENERAL POWERS OF A REDEVELOPMENT AGENCY

1. **A redevelopment agency is a State agency, exercising local governmental functions, and deriving its authority and power from State law.**

A redevelopment agency is a creature of statute - a State agency exercising local governmental functions. It is a legal entity distinct from its sponsoring community, having its own assets, income, and obligations. Its authority and powers are derived from the California Community Redevelopment Law (the "CRL").¹³⁴ Its jurisdictional boundaries are the same as its sponsoring community.

2. **An agency must account to the local legislative body and to the State, and is subject to many of the same laws and regulations as other public entities.**

An agency must account locally and to the State for its activities. It must prepare an annual financial report, present it to the local legislative body, and file the report with the State Controller that describes the agency's financial condition and a summary of its activities during the prior year, including its use of Housing Set Aside Funds.¹³⁵

Agency activities are subject to many of the same laws and regulations that apply to other public entity activities. An agency is also subject to local laws and regulations that may be unique to the sponsoring community. An agency must present its proposed activities and transactions to certain reviewing bodies for recommendation, approval, or adoption. Reviewing bodies include the agency's governing body, the local legislative body, project area committees ("PACS"), and the community's planning body or commission.

¹³⁴ Health and Safety Code §§ 33000 - 34160, and related statutes.

¹³⁵ Twenty percent of the tax increments allocated to the Agency from increased property valuations in a Project Area are set aside for low and moderate housing activities.

3. **An agency has general corporate or business powers, powers to assist public and private redevelopment projects, and broad powers for increasing, improving, and preserving low and moderate income housing.**

An agency may appoint officers, acquire, sell, and lease property to private parties, contract for public works projects in a redevelopment project area, prepare redevelopment sites, rehabilitate property, manage acquired property until it disposes of it for redevelopment, and review development actions for consistency with redevelopment plans. It is obligated to use Housing Set Aside Funds to increase, improve, and preserve the community supply of low and moderate income housing. An agency has the power of eminent domain when provided for in the redevelopment plan.

4. **An agency carries out its basic objective, blight elimination, and the bulk of its activities within redevelopment project areas.**

The primary objective of redevelopment agencies is to eliminate blight. An agency generally carries out its powers within the geographical confines of survey areas covered by redevelopment plans ("Project Areas") that the local legislative body adopts by ordinance. Project Areas must be in urbanized areas and be blighted, as that term is defined in the CRL. Agency activities outside Project Areas primarily relate to housing and public improvements.

B. THE CITY OF FRESNO REDEVELOPMENT AGENCY

1. **The Council is the Agency's governing board, and the Housing and Community Development Commission serves as an advisory body.**

An agency's governing board may be a separate agency, the sponsoring community's legislative body, or a separate community development commission. For the Agency, the Council serves as the governing board (the "Agency Board").

All matters of business associated with or required for administering a redevelopment project, or which are within the Agency's powers and require final Agency Board action, must first be presented to the Housing and Community Development Commission ("HCDC"). The HCDC functions as a community redevelopment commission or advisory body.¹³⁶

2. **In addition to State law, the Agency is governed by its bylaws, City ordinances, Council resolutions and ordinances, and administrative orders that do not conflict with the CRL.**

The CRL is the primary body of law governing the Agency. The Agency is also subject to local law, regulations, and rules that are consistent with the CRL.

¹³⁶ FMC § 17-202.

Bylaws, adopted by the Agency Board, require the Agency to conduct all its business according to the rules and regulations that govern City business, whether in the City Charter, the Fresno Municipal Code, in Council resolutions or other applicable law.

3. The Agency operates with an appointed Director, assigned City staff, and contract personnel.

The Agency Board appoints the Executive Director, who is responsible for carrying out the policies of the Agency Board. The Agency has limited direct staff, and several contract staff members. Under a 1997 agreement with the Agency, the City assigns City staff to a Redevelopment Support Division of the City Manager's Office. The Division is managed by the Agency Administrator, who reports to the City Manager. The Administrator and staff help carry out redevelopment programs that the Director institutes and the Agency Board approves. The Agency reimburses the City for salary and benefit costs of Redevelopment Support Division staff. In addition, the Agency contracts with the Fresno Revitalization Corporation for staff services.

4. The Agency Board approves an annual budget for the Agency's activities within eighteen adopted Project Areas.

The Agency prepares an annual budget that the Agency Board reviews and adopts. This budget is separate from the City budget, and is not subject to the Mayoral veto. Line items in the City budget which relate to Agency matters, however, are subject to the Mayoral veto.

Agency redevelopment activities are primarily carried out within the Agency's eighteen Project Areas.¹³⁷

C. ADOPTING REDEVELOPMENT PLANS

1. The plan adoption process is statutorily mandated. The focus is blight elimination.

The CRL establishes a statutory process for adopting redevelopment plans. Council initiates the process by resolution and ultimately adopts the ordinance

¹³⁷ (1) Roeding Business Park Redevelopment Project Area, (2) Fresno Air Terminal Redevelopment Project Area, (3) Central Business District Project Urban Renewal Area, (4) Southwest Fresno General Neighborhood Renewal Area Urban Renewal Project Area, (5) Convention Center Redevelopment Project Area, (6) Fulton Redevelopment Project Area, (7) Chinatown Expanded Redevelopment Project Area, (8) Jefferson Area Redevelopment Plan Area, (9) Fruit/Church Redevelopment Project Area, (10) West Fresno Project I Urban Renewal Project Area, (11) West Fresno Project II Urban Renewal Project Area, (12) West Fresno Project III Urban Renewal Project Area, (13) Mariposa Project Urban Renewal Project Area, (14) South Van Ness Industrial Redevelopment Project Area, (15) Central City Commercial Revitalization Project Area, (16) Airport Area Revitalization Redevelopment Project, (17) South Fresno Industrial Revitalization Redevelopment Project, and (18) Southeast Fresno Revitalization Redevelopment Project.

approving a redevelopment plan. The primary focus is blight elimination. The initial process includes the following:

- Designating a survey area for a feasibility study.
- A feasibility study that focuses on blighting conditions within the survey area boundaries, potential land uses, market demand, and financial feasibility.
- Determining blight - the survey area must have physical and economic blighting conditions, and be predominantly urbanized.
 - Physical blight includes unsafe buildings, adjacent incompatible uses, and subdivided lots of irregular shape and inadequate size.
 - Economic blight includes depreciated or stagnant property, abnormally high business vacancies, a lack of necessary commercial facilities, residential overcrowding, and a high crime rate.
 - "Predominantly urbanized," means that at least 80 percent of the land in the survey area, must either be developed or have been developed for urban uses, or be an integral part of one or more areas developed for urban uses and surrounded or substantially surrounded by land that has been developed for urban uses.

2. Affected taxing entities,¹³⁸ affected property owners and tenants, participate in the process.

If the study determines that a redevelopment project area is feasible, the Planning Commission designates the survey area, the Agency and Planning Commission prepare a preliminary plan that the Agency Board accepts, and a lengthy review and comment review period begins, that includes the following:

- The Agency notifies affected taxing agencies, and the State Board of Equalization of its intent to adopt a redevelopment plan.
- The County's fiscal officer and the State Board of Equalization prepare a report to the Agency on the assessed valuation of taxable property within the proposed project area.
- The Agency prepares a preliminary report to all affected taxing agencies, identifying the blighting conditions, the scope and purpose of the redevelopment plan, and how the Agency will alleviate the blighting conditions.

¹³⁸ Those taxing entities which receive taxes derived from property within the Project Area.

- A PAC may be required.
 - If the proposed plan gives the Agency eminent domain authority applicable to property on which anyone resides, and a substantial number of low or moderate income persons live within the project area, a PAC is required.
 - If the proposed plan contains one or more public projects that will displace a substantial number of low or moderate income persons, a PAC is required.
 - If a PAC is required, the Council calls on the residents, tenants, and existing community organizations in the proposed project area to form a PAC, and establishes procedures governing PAC formation and member selection.
- The HCDC, and the Planning Commission review the plan and submit a report and recommendation to the Council.
- 3. **The Council, by ordinance, adopts a redevelopment plan at a noticed public hearing, after considering recommendations from the reviewing bodies, and all evidence, including public testimony.**

After receiving the reports and recommendations of the reviewing bodies, the Agency Board and Council consider the plan at a noticed joint public hearing,¹³⁹ and the Council adopts the approving ordinance. The process includes the following:

- At the hearing, the Agency presents a report to Council that includes, among other things, an environmental impact report, and a five-year implementation plan showing how the Agency intends to carry out the redevelopment plan. The report explains why private enterprise acting alone or the Council, using financing other than tax increments, cannot reasonably be expected to accomplish redevelopment in the project area and eliminate blight.
- If affected property owners or taxing entities submit written objections, the Council must address the objections in detail and give reasons for not accepting the objections.
- Council adopts the approving ordinance by a majority vote, unless the Planning Commission or the PAC recommends against approval, then adoption requires a two-thirds vote of the entire Council.

¹³⁹ In addition to noticing the hearing, if any property in the project area would be subject to acquisition whether by purchase or condemnation, the Agency must send a statement to that effect to each property assessee with the notice of hearing. The Agency may attach a list or map of the properties that will be subject to acquisition or condemnation under the plan.

- After adoption, the City Clerk sends a copy of the ordinance to the Agency, and records notice of the adopted plan, with a legal description of the Project Area, in the Official Records of Fresno County.¹⁴⁰

After plan adoption, and using substantially the same process, the Council and Agency may amend the redevelopment plan and, for financial purposes, may merge the redevelopment Project Area with one or more other redevelopment Project Areas. The Agency is charged with carrying out the adopted plan.

D. IMPLEMENTING THE REDEVELOPMENT PLAN

1. Owner/Tenant participation.

Property owners may participate in redevelopment ("owner participation") within the Project Area. The Agency must extend reasonable preferences to displaced businesses who wish to reenter business within the Project Area. Participation and preference are governed by Agency-adopted owner participation and preference rules that define participants, methods of participating, limitations on participation, factors given priority in considering participation, and the procedure for submitting participation proposals.

2. Property acquisition.

(a) Voluntary acquisition

The Agency may acquire property within a Project Area by any voluntary means, such as negotiated purchase, gift, or bequest. If the Council approves the action, the Agency may begin acquiring property after the Planning Commission formulates the preliminary plan and before the Council adopts the redevelopment plan. After plan adoption, the Agency does not need Council approval to acquire property. All property acquisitions must be for redevelopment purposes.

In negotiated purchases, the Agency usually appraises the property first, and offers to purchase the property at fair market value (not less than the appraised value). If an owner offers to sell property to the Agency for a price, even a price less than fair market value, the Agency may acquire the property at the offered price. An appraisal is still beneficial to ascertain that the Agency is not paying too much for the property and, thereby, making a gift of or wasting public funds. **The Agency may not acquire property from its members or officers, unless the acquisition is by eminent domain.**

¹⁴⁰ This puts all property owners within the project area on record notice of the plan.

(b) Eminent Domain.

The Agency may acquire property by eminent domain if the adopted redevelopment plan provides for eminent domain. Generally, a plan limits eminent domain authority to a 12-year period, that may be extended by a plan amendment. In exercising its eminent domain powers, the Agency must strictly comply with the California Eminent Domain Law¹⁴¹ and the CRL. Its eminent domain powers may be restricted by the redevelopment plan, and are subject to the Project Area owner participation rules and preference rights.

The Agency must take care when exercising eminent domain powers to avoid inverse condemnation charges. If the Agency announces its intent to condemn property and then unreasonably delays the action, or takes unreasonable action before condemnation, it may be liable for damages in inverse condemnation. In certain circumstances where the Agency has condemnation powers, it may be subject to inverse condemnation charges for failing to timely respond to an owner's offer to sell his or her property to the Agency for fair market value.

3. Relocation.

When the Agency acquires occupied property, it generally must provide State mandated relocation assistance and pay relocation benefits to persons displaced from the property.¹⁴² This Agency responsibility also applies when a developer acquires occupied property pursuant to an agreement with the Agency. By agreement, however, the Agency may require the developer to reimburse the Agency for relocation payments.

State regulations require the Agency to prepare a relocation plan specific to the project soon after the Agency initiates negotiations to acquire property and before proceeding with any phase of a project that will displace persons. The relocation plan determines the needs of the persons being displaced, the available replacement housing, projects the dates that persons will be displaced, and estimates the Agency's costs for providing relocation assistance and payments.

4. Replacement Housing Plan.

When a project will cause removal of low and moderate income housing from the market, the Agency must also adopt a replacement housing plan. The plan must include the general location of replacement housing, show how the

¹⁴¹ California Code of Civil Procedure §§ 1230.010 et seq.

¹⁴² California Government Code § 7260 et seq. and California Health & Safety Code § 33415. If the project involves any federal money, then the Agency must also comply with federal relocation assistance and payment requirements.

housing will be financed, contain a finding that the replacement housing does not require voter approval under State Constitution Article XXXIV, state the number of replacement dwelling units planned, and the time table for carrying out the plan.

5. Property disposition.

Generally, Agency disposal of acquired property must be for redevelopment purposes. Disposition may include selecting a developer or an owner participant, entering an exclusive negotiations agreement, entering an owner participation or a disposition and development agreement, and obtaining Council and/or Agency Board approval of the transaction. Approval may include hearings, reports,¹⁴³ resolutions, and findings. The Agency may dispose of property for less than its acquisition costs, and for less than a fair market value. If it does, it must justify the land right down. When the Agency sells or leases property it must also obligate the purchaser or lessee to comply with nondiscrimination laws and limitations or restrictions of the CRL.

(a) Selecting a developer.

The Agency need not use a competitive process to select a developer or owner participant. The Agency may negotiate with a single developer, or may send out requests for qualifications or requests for proposal. The Agency may choose to use a master developer or to use multiple developers.

When a project may require land assembly, the Agency must comply with its owner participation and business preference rules. Failure to comply with these rules can have serious legal consequences.

(b) Agreements with developers.

The agreement between the developer and the Agency for a project will depend on the circumstances, the developer, and the project. Before the Agency Board and/or Council approve it, the agreement may be subject to review by a PAC, other community organizations, and the HCDC, and

¹⁴³ For example, see Health & Safety Code § 33433. To sell or lease property for development that the Agency acquired directly or indirectly with tax increment, the Agency must prepare a report, and make the report and the proposed agreement with the developer available for public review under § 33433. The Council considers the agreement and the property disposition at a noticed public hearing and must make certain findings, including that the consideration for the property is not less than the fair reuse value of the property, considering the use, the covenants, conditions, and criteria imposed under the agreement. Agency controls that affect property value may include imposing a specific use, limitations on design, a requirement that the project be begun and completed within a specific time, or other limitations or affirmative acts specific to the project.

to other public review, noticed hearings,¹⁴⁴ reports, findings, and compliance with the California Environmental Quality Act. If the Agency sells or leases property, the agreement must obligate the purchaser or lessee to comply with nondiscrimination laws and contain limitations or restrictions of the CRL. Developer-Agency agreements may include the following:

- Exclusive negotiations agreement. Used to identify bench marks, requirements, and conditions that each party must meet, establishes time lines, permits terminating negotiations upon certain performance failures, and may require the developer to put up a good faith deposit.
- Disposition and development agreement. Used when the Agency will acquire and/or transfer property to the developer.
- Owner participation agreement. Used when the developer is a property owner, agreeing to improve or develop the owner's property.
- A development lease. Usually long-term agreements where the Agency leases improved property for substantial rehabilitation, or leases vacant property for development.

(c) Agency assistance.

The Agency may assist private and public developers in a variety of ways, including site assembly, land right down consistent with project economics, site preparation, relocation, demolition, off-site public improvements,¹⁴⁵ shared use facilities, public financing, commercial rehabilitation loans, industrial/manufacturing equipment loans, and cleaning up contaminated property.¹⁴⁶

¹⁴⁴ For instance, if the Agency is agreeing to dispose of property it acquired directly or indirectly with tax increment, it must comply with Health & Safety Code §33433, including preparing a special report, and present evidence to Council on which it will make certain findings.

¹⁴⁵ With some limitations, the Agency may pay all or part of the land value or cost of installing or constructing any building facility structure or other improvement that will be publicly owned, if it follows the procedures, obtains the consent, and the Council makes the findings required in Health & Safety Code § 33445. If the public improvements are improvements that a developer would otherwise be required to provide, the Council must consent to the Agency installation. Health & Safety Code § 33421.1.

¹⁴⁶ Redevelopment agencies have certain authority to clean up or pay for cleaning up contaminated sites within a Project Area under the Polanco Act (the "Act"). Subject to following the Act's complex provisions, the Agency may clean up contaminated property and in return the Agency, the property developer, and subsequent owners may receive limited immunity from further clean up liability

4. Public improvements¹⁴⁷ and other assistance.

The Agency may assist or provide public improvements and other improvements within a Project Area, and subject to the limitations and procedural requirements of the CRL. Some of the circumstances, limitations, and procedural requirements are as follows:

- Public improvements.
 - The public improvement must be generally or specifically described in the redevelopment plan.
 - It must be linked to blight elimination.
 - It must primarily benefit the Project Area.
 - If the Agency is paying any land value for, and the cost of installing or constructing, any facility, structure or other improvement that will be publicly owned, the action is subject to Council determinations or findings,¹⁴⁸ and a report and noticed public hearing may be required.¹⁴⁹
 - If the owner or operator of the site would otherwise be obliged to provide the public facilities, the Council must consent to the Agency expenditure, and the public improvements must be necessary for carrying out the redevelopment plan.
- Other Improvements. The Agency may do the following:
 - Construct and lease school buildings to a school district, with title vesting in the school district at lease termination.
 - Construct foundations, platforms or other structures that provide for using air rights sites for structures or buildings, the uses of which are permitted under the redevelopment plan.
- The Agency may not do the following:
 - Pay the normal maintenance and operations costs of public improvements.

¹⁴⁷ The Agency is subject to the provisions of the Public Contract Code requiring competitive bidding if the Agency spends in excess of \$5,000. If the contract is less than \$5,000, the Agency need not competitively bid the contract, and may give priority to residents within the Project Area or to persons displaced from the Project Area as a result of redevelopment activities.

¹⁴⁸ Health & Safety Code § 33445.

¹⁴⁹ Health & Safety Code § 33679.

- Use tax increments, directly or indirectly, to pay the construction or rehabilitation of a building that will be used as a city hall or county administration building.¹⁵⁰
- Provide any direct assistance to an automobile dealership on land not previously developed for urban purposes.
- Assist a development on five acres or more if the land has not been previously developed for urban use and, after development, the property will generate sales taxes, unless the principal use is for office, hotel, manufacturing, or industrial.

E. AGENCY INCOME AND FINANCING (DEBT)

The Agency's primary source of income is tax increments. To receive tax increments, the Agency must incur debt. It creates debt by financing redevelopment activities and developer assistance.

1. Tax increments.

Tax increments are the Agency's primary source of revenue, and primary financing tool. Tax increments are property tax revenues generated from increases in assessed value resulting from redevelopment and other activities in the Project Area. Assembly Bill ("AB") 1290 establishes a formula for allocating taxes to the affected taxing entities, including the City. The City may elect to receive an amount equal to 25 percent of the City's proportionate share of the tax increments that the Agency receives, after deducting the 20 percent Housing Set Aside. The County of Fresno levies and collects property taxes, and before paying tax increments to the Agency, deducts a proportionate share of the County's costs for assessing, collecting, and allocating tax increments.¹⁵¹

(a) Conditions to receiving tax increments.

For the Agency to receive tax increments from a Project Area, the redevelopment plan must specifically provide for tax increment financing, and the Agency must incur debt. The Agency incurs debt by borrowing money, accepting advances, issuing tax allocation bonds, entering reimbursement agreements, entering disposition and development and owner participation agreements, or incurring other debt to carry out the redevelopment plan.

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¹⁵⁰ Some very limited exceptions exist.

¹⁵¹ Revenue and Tax Code § 97.

(b) Spending tax increments.

The Agency's expenditure of tax increments must be for redevelopment purposes that primarily benefit the Project Area. The Agency may not use tax increments to pay for employee or contractual services of any local governmental agency, unless these services are directly related to redevelopment purposes.

2. Assessment or community facilities districts.

Notwithstanding the Agency's power to help with public improvements, it may not form an assessment district or community facilities district to provide infrastructure. The Agency may agree to help pay the special taxes levied against benefitted private lands and developments under an agreement with property owners or developers. The Agency's payment or reimbursement of the special taxes, is subject to the same findings, reports, noticed hearing, and limitations applicable to the public improvements involved.

3. Bond financing.

The Agency may sell bonds, such as tax allocation bonds, secured by the pledge of net tax increments (net of certain obligations such as 20 percent Housing Set Aside, and the County's tax administration fees). The Agency may finance activities through lease revenue bonds or certificates of participation where the lease payments from the City or the Agency equal or pay the debt service.

4. Other.

Other sources of redevelopment financing may include, without limitation, borrowing from lenders and developers, developer advances, land sale proceeds, and loans from the City or other public resources.

F. RESIDENTIAL REDEVELOPMENT

1. City/Agency Interaction.

The Agency follows the CRL and consistent local law in providing affordable housing through use of available tax increment funding.

The City, through Housing and Neighborhood Revitalization Department, provides complementary but independent affordable housing assistance through use of federal funding, largely HUD HOME Program and CDBG monies.

2. Tax Increment "20 Percent" Funds ("TI").

Not less than 20 percent of all taxes which are allocated to the Agency shall be used by the Agency for the purposes of increasing, improving, and preserving

the community's supply of low- and moderate-income housing within the jurisdiction of the Agency unless the Agency can make specific statutory finding that such funding is not required.

TI cannot be used to assist households with incomes exceeding 120 Percent of area median.

TI funds must be held in a separate Low and Moderate Income Housing Fund until used.

3. Objective is to provide low and moderate income housing available at affordable housing cost.

TI funds may be expended only in furtherance of affordable housing stock, i.e., applied to an affordable housing program/Project Area consonant with the Housing Element of the City's General Plan, the Agency's annual report, and the five year Implementation Plan. An exception exists where the Agency can factually support the absence of a need for such application in the community.

4. Allowable Uses for TI.

An Agency may, in order to provide housing for persons and families of low or moderate income, inside or outside any Project Area (i) acquire land, (ii) donate land, (iii) improve sites, (iv) construct or rehabilitate structures, (v) provide subsidies to, or for the benefit of, low and moderate income households, (vi) develop plans, (vii) maintain the community's supply of mobile homes, and (viii) meet replacement housing obligations.

5. Affordability Controls are Placed on the Housing Units produced.

Affordability restrictions are placed upon properties assisted with TI. These restrictions generally run with the land by recorded covenant for the "longest feasible period" but not less than 10 years for substantial rehabilitation and 15 years for new construction.

6. Project Area Housing Production Requirements ("Inclusionary Housing.")

30 percent of housing developed or rehabilitated by the Agency itself within a Project Area must be available at affordable housing cost to low and moderate income households, and 50 percent of these units must be for very low income households.

15 Percent of housing developed or rehabilitated by other than the Agency must be affordable to low and moderate income households, and 40 percent of these units must be for very low income households.

Production requirement must be met every 10 years.

7. Off-Site Improvements.

In furtherance of affordable housing stock, the Agency may improve a program/project site with off-site improvement if either (i) the improvements are made as part of a program which results in the new construction or rehabilitation of affordable housing units for low- or moderate-income persons that are directly benefitted by the improvements or (ii) the Agency finds that the improvements are necessary to eliminate a specific condition that jeopardizes the health or safety of existing low- or moderate-income residents.

8. Spending TI Outside of Project Area.

TI may be used outside a Project Area only upon a resolution adopted by the Agency and the Council to the effect that a specific affordable housing project will benefit from such expenditure.

9. Excess Surplus TI.

"Excess surplus" TI exists to the extent unencumbered and unexpended TI exceeds the greater of \$1,000,000 or the total amount deposited in the Agency's Housing Fund during the preceding 4 years.

If the Agency allows an excess surplus, it opens itself up to sanctions that may include restrictions upon expenditure on non-affordable housing redevelopment activities and requirements that non-20 percent TI (i.e., portions of Agency's 80 Percent TI) be used for affordable housing purposes.

10. Reporting and Monitoring.

The Agency must report annually to the State Controller on housing activities including use of TI and include an independent audit. The report must include information regarding relocation and replacement activities, housing units destroyed, acquired and rehabilitated, the status of the Agency's (TI) Housing Fund, information reported by owners/occupants regarding any violation of affordability covenants, and the total amount of TI spend on administrative activities.

11. AB 1290 Implementation Plan.

The Agency's AB 1290 Implementation Plan must include an AB 315 Project Area Housing Production Plan ("AB 315 Plan"). The AB 315 Plan must be prepared for each Project Area and must be consistent with, and may be included within, the Housing Element of the General Plan. The AB 315 Plan must include total new and rehabilitated units, and units that will meet Project Area Housing Production Requirements, as well as related strategies and programs.

12. Commonly Used Federal Sources of Residential Redevelopment Funding.

The HUD Home Investment Partnerships Program ("HOME") provides funding for certain statutorily prescribed affordable housing purposes and uses. The HOME program requires that a portion of the funding be provided to qualifying community based organizations known as Community Housing Development Organizations ("CHDO's"). The HOME program generally includes matching fund requirements and homeowner income limitations.

The HUD Community Development Block Grant Program ("CDBG") provides funding on an entitlement basis for certain statutorily specified "eligible" activities. CDBG monies must benefit defined "targeted groups."

The Federal Home Loan Bank provides privately sourced, affordable housing programs offered through the participation of member banks. These monies are awarded under a competitive process.

13. California Constitution Article XXXIV Requirement Regarding Low Rent Housing Projects.

California Constitution Article XXXIV ("Article 34") requires that voter approval be obtained prior to any "State public body" undertaking "development, construction or acquisition" of a "low rent housing project."

The Agency is subject to Article 34.

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